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8 *Attorneys for Plaintiff,*  
9 **KEITH BROWN**

10 **UNITED STATES DISTRICT COURT**  
11 **DISTRICT OF NEVADA**

12 **KEITH BROWN**, an individual,  
13 *Plaintiff,*

14 v.

15 **ARTEC GLOBAL MEDIA, INC.**, a  
16 Nevada corporation; **BART AND**  
17 **ASSOCIATES, LLC**, a Colorado  
18 limited liability company; **STONE**  
19 **DOUGLASS**, an individual; **NOVA**  
20 **CAPITAL ADVISORS, LLC**, a  
21 California limited liability  
22 company; **PETERSON SULLIVAN LLP**, a  
23 Washington limited liability  
24 partnership; **WALTER WELSH**, an  
25 individual; **CALEB WICKMAN**, an  
26 individual; and **MASON**  
27 **YAMASHIRO**, an individual,  
28 *Defendants.*

**Case No.: 2:17-cv-01883 JAD-PAL**

**SECOND AMENDED  
COMPLAINT FOR:**

1. **FEDERAL SECURITIES LAWS VIOLATIONS – SECTION 10(b) OF THE SECURITIES EXCHANGE ACT (THE “EXCHANGE ACT”) AND RULE 10b-5**
2. **FEDERAL SECURITIES LAWS VIOLATIONS – SECTION 11 OF THE EXCHANGE ACT**
3. **FEDERAL SECURITIES LAWS VIOLATIONS – SECTION 18 OF THE EXCHANGE ACT**
4. **FRAUD/INTENTIONAL MISREPRESENTATION**
5. **NEGLIGENT MISREPRESENTATION**

**JURY TRIAL DEMANDED**

## NATURE OF THE ACTION

1. This is an action by Keith Brown (“PLAINTIFF”) for federal securities fraud and related state law claims arising from the conduct of Defendants Walter Welsh (“WELSH”), Nova Capital Advisors, LLC (“NOVA”), Caleb Wickman (“WICKMAN”), Stone Douglass (“DOUGLASS”) and Mason Yamashiro (“YAMASHIRO”) in connection with the sale of shares in a sham company known as Artec Global Media, Inc. (“ARTEC”).

2. WELSH, individually and by and through NOVA, acted as an agent of ARTEC, DOUGLASS, WICKMAN and YAMASHIRO.

3. WICKMAN is listed in promotional materials as the “Founder, CEO, President, Treasurer and Secretary” for ARTEC. DOUGLASS is listed as “Executive Chairman” of the company and YAMASHIRO is said to be the “Director, Student Loan Division” in ARTEC marketing materials. WELSH is an unlicensed broker who solicited funds on behalf of ARTEC, and held himself out as having a close personal relationship with WICKMAN and DOUGLASS.

4. ARTEC purports to be a vibrant company that, according to Securities and Exchange Commission (“SEC”) filings made by the company and its principals:

[I]s a twenty-first century marketing firm dedicated to helping its clients improve the return on their marketing dollars by delivering measurable marketing results in an increasingly digital world. We provide online marketing and reporting solutions, including lead generation, performance media, affiliate marketing and other related web services and consultation. We use world-class technology solutions to create advertising campaigns, optimize those campaigns in real time and track tangible results. We focus on serving clients in large, information-intensive industry verticals where relevant, targeted media and offerings help visitors make informed choices, find the products that match their needs, and thus become qualified customer prospects for our clients.<sup>1</sup>

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<sup>1</sup> Taken from the ARTEC SEC Form 10-K/A dated June 22, 2016.

1  
2 5. ARTEC is an investment scheme that has no assets, no customers, no  
3 core line of business and no bank accounts. ARTEC does not maintain an active  
4 website and its principal place of business is a mailbox rented for the sole purpose of  
5 deceiving the public into thinking that ARTEC is a going concern. ARTEC is a shell  
6 company created and controlled by DOUGLASS, WELSH and/or NOVA,  
7 WICKMAN and YAMASHIRO for the sole purpose of raising capital for the  
8 personal accounts of DOUGLASS, WELSH and/or NOVA, WICKMAN and  
9 YAMASHIRO.

10 6. DOUGLASS, WELSH and/or NOVA, WICKMAN and YAMASHIRO  
11 have, and continue to, intermingle their personal and/or corporate assets with those of  
12 ARTEC in such a manner that it is difficult to discern whether the assets of  
13 DOUGLASS, WELSH and/or NOVA, WICKMAN and YAMASHIRO are indeed  
14 the assets of ARTEC.

### 15 JURISDICTION AND VENUE

16 7. This Court has original jurisdiction over this action pursuant to the  
17 Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. § 78, *et seq.* and  
18 SEC Rule 10(b)(5) at 17 C.F.R § 240.10b-5.

### 19 PROCEDURAL POSTURE

20 8. On October 26, 2016, Plaintiff filed the initial Complaint in this matter  
21 in the United States District Court for the Southern District of California (the  
22 “Southern District”). (Dkt. #1). Thereafter, on December 21, 2016, ARTEC  
23 WICKMAN, DOUGLASS, and YAMASHIRO (the “ARTEC DEFENDANTS”)  
24 filed a Motion to Dismiss PLAINTIFF’S Complaint (Dkt. #25).

25 9. On January 11, 2017, the Southern District granted a Joint Motion (Dkt.  
26 #27) and ordered that PLAINTIFF had until January 17, 2017 to file his First  
27 Amended Complaint (the “FAC”) (Dkt. #28).



1           15. On May 1, 2018, this Court heard oral argument on the Artec Motion to  
2 Dismiss. The Court granted the Artec Motion to Dismiss with leave for PLAINTIFF  
3 to amend his complaint.  
4

5                                   **THE PARTIES**

6           16. PLAINTIFF is a natural person who resides in Vancouver, British  
7 Columbia, Canada.

8           17. At the time of the filing of the FAC, ARTEC was a Nevada corporation  
9 and was in “Default” with the Nevada Secretary of State. ARTEC was not  
10 authorized to conduct business in Nevada. ARTEC is purportedly a public company  
11 that trades or traded in the Over the Counter Market under the symbol “ACTL.”  
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14           18. Defendant BART is a Colorado limited liability company with its  
15 principal place of business in Greenwood Village, Colorado. BART was dismissed  
16 from this lawsuit on March 27, 2018. (Dkt. #96).  
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18           19. NOVA is a California limited liability company with its principal place  
19 of business in San Marcos, California. PLAINTIFF has settled his disputes with  
20 NOVA, and NOVA is not a party to this lawsuit. (Dkt. #105). PLAINTIFF  
21 anticipates that NOVA will be dismissed from this lawsuit.  
22

23           20. WELSH is a natural person who resides in San Diego County, California  
24 PLAINTIFF has settled its disputes with WELSH, and WELSH is not a party to this  
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1 lawsuit. (Dkt. #105). PLAINTIFF anticipates that WELSH will be dismissed from  
2 this lawsuit.

3 21. Defendant PETERSON SULLIVAN is a Washington limited liability  
4 partnership with its principal place of business in Seattle, Washington. PETERSON  
5 SULLIVAN was dismissed from this lawsuit on May 9, 2018. (Dkt. #108).

7 22. Defendant WICKMAN is a natural person who resides in San Diego  
8 County, California.

10 23. Defendant DOUGLASS is a natural person who resides in San Diego  
11 County, California.

13 24. Defendant YAMASHIRO is a natural person who resides in San Diego  
14 County, California.

15  
16 **COMMON ALLEGATIONS**

17 25. In or around February 2015, PLAINTIFF was introduced to WELSH,  
18 the principal and sole owner of NOVA, through a mutual acquaintance. During  
19 initial meetings between PLAINTIFF and WELSH, WELSH held himself out as  
20 knowledgeable in business affairs and boasted of his ability to assist investors in  
21 finding profitable investments. During subsequent contact with PLAINTIFF,  
22 WELSH asked whether PLAINTIFF was interested in making an investment through  
23 WELSH and NOVA in ARTEC.  
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1           26. During numerous conversations with PLAINTIFF, WELSH stated that  
2 he knew the principals of ARTEC and that he understood the business of ARTEC  
3 very well. WELSH purported to be excited about the prospects of ARTEC and  
4 claimed that he liked the investment so much that he, his family members and his  
5 family trust were all heavily invested in ARTEC. Furthermore, WELSH praised the  
6 management skills of DOUGLASS and WICKMAN and the inclusion of  
7 YAMASHIRO in the company. WELSH, on his own behalf, and as the principal of  
8 NOVA, provided PLAINTIFF with marketing materials and subscription documents  
9 for ARTEC. WELSH and NOVA stated to PLAINTIFF that they were agents of  
10 ARTEC.  
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14           27. On or about March 26, 2015, at the urging of WELSH, PLAINTIFF  
15 executed a subscription agreement in which he purportedly purchased Fifty Thousand  
16 (50,000) shares of ARTEC at a price of One Dollar (\$1.00) per share, or Fifty  
17 Thousand Dollars (\$50,000.00) worth of ARTEC stock.  
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20           28. After PLAINTIFF's initial investment in ARTEC, WELSH repeatedly  
21 told PLAINTIFF how pleased he was that PLAINTIFF had made this investment and  
22 that the investment in ARTEC would pay PLAINTIFF many multiples of his initial  
23 investment. WELSH continued to praise the company and the management skills of  
24 DOUGLASS and WICKMAN, as well as the inclusion of YAMASHIRO in the  
25 company. As part of his various conversations with PLAINTIFF, WELSH  
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1 mentioned that ARTEC was soliciting additional investments in the company because  
2 the company was in the process of making several strategic acquisitions that would  
3 bolster ARTEC's business and improve its balance sheet. WELSH also told  
4 PLAINTIFF that if PLAINTIFF wanted to protect his initial investment in ARTEC,  
5 he needed to immediately invest additional monies in ARTEC through WELSH.  
6

7         29. On or about May 6, 2015, WELSH, by and through NOVA, presented  
8 PLAINTIFF with a "Stock Purchase Agreement." WELSH informed PLAINTIFF  
9 that his execution of the agreement and payment of One Hundred Thousand Dollars  
10 (\$100,000.00) would help ensure that PLAINTIFF's initial investment was secure (by  
11 assisting the company to make strategic acquisitions and clean up its balance sheet),  
12 and that the additional investment would allow PLAINTIFF to further participate in  
13 the upside of ARTEC. In exchange for payment, PLAINTIFF was to receive One  
14 Hundred Thousand (100,000) shares of ARTEC. As with PLAINTIFF's previous  
15 investment, the ARTEC stock was issued at One Dollar (\$1.00) per share. WELSH  
16 told PLAINTIFF that PLAINTIFF would not regret his decision to invest additional  
17 monies and that ARTEC, under the leadership of DOUGLASS, WICKMAN and  
18 YAMASHIRO (with the assistance of WELSH) would trade at several multiples of  
19 PLAINTIFF's investments in the company and provide a significant return on  
20 PLAINTIFF'S investment in ARTEC.  
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1           30. When PLAINTIFF attempted to register his shares of ARTEC with his  
2 longtime broker-dealer, his broker-dealer advised PLAINTIFF that due to the nature  
3 and price of the securities, they could not be held with PLAINTIFF's broker-dealer.  
4 PLAINTIFF'S broker-dealer would not hold any securities that traded for less than  
5 One Cent (\$.01). (At that time, shares of ARTEC were trading at One Thousandth of  
6 One Dollar (\$.001) per share, substantially less than the premium that PLAINTIFF  
7 paid for his shares.)  
8

10           31. PLAINTIFF informed WELSH of his inability to deposit his ARTEC  
11 shares with PLAINTIFF'S broker-dealer. WELSH suggested that PLAINTIFF have  
12 his shares held in "book form" at a Florida-based transfer agent recommended by  
13 WELSH. WELSH insisted that if the shares were held at this transfer agent,  
14 PLAINTIFF would be able to immediately sell his shares for a tremendous gain over  
15 PLAINTIFF's cost basis in the ARTEC shares.  
16

18           32. PLAINTIFF began to suspect that his investments in ARTEC were  
19 illegitimate and procured by fraud. PLAINTIFF demanded that he be able to  
20 communicate directly with the officers and control people of ARTEC.  
21

22           33. In response to the concerns raised by PLAINTIFF to WELSH, WELSH  
23 offered to introduce PLAINTIFF TO WICKMAN and DOUGLASS to allow  
24 PLAINTIFF to speak directly with WICKMAN and DOUGLASS, the officers/and or  
25 principals of ARTEC.  
26

1           34.     WELSH proceeded to arrange a series of telephone calls by and between  
2     WICKMAN, DOUGLASS and PLAINTIFF.

3           35.     In the first of this series of telephone calls between PLAINTIFF,  
4     WICKMAN, DOUGLASS and WELSH, WICKMAN introduced himself as a control  
5     person of ARTEC. He also told PLAINTIFF that WICKMAN had retained  
6     DOUGLASS to work for and on behalf of ARTEC as its “Executive Chairman”.  
7     WELSH and WICKMAN falsely represented to PLAINTIFF that (i) DOUGLASS  
8     had a long, successful history of assisting companies like ARTEC, (ii) that  
9     DOUGLASS had connections to investors that resided in the Eastern Coast of the  
10    United States, and (iii) that these putative investors had expressed an interest in  
11    investing money in ARTEC because DOUGLASS was now associated with ARTEC  
12    as the Executive Chairman of ARTEC. These statements were false. DOUGLASS  
13    did not have a long history of advising or assisting companies like ARTEC, nor did  
14    he have connections to investors that wished to invest in ARTEC.

15           36.     Despite these assurances, PLAINTIFF continued to express doubt in  
16    writing, and orally, to WELSH and WICKMAN as to whether ARTEC was indeed a  
17    legitimate company.<sup>2</sup> In response, during another phone call with PLAINTIFF,  
18    WICKMAN and DOUGLASS made false representations to PLAINTIFF that  
19    

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20           <sup>2</sup> PLAINTIFF’s fears were warranted. At various times, according to SEC  
21    registration statements, ARTEC claimed to be in the business of “distributing crystal  
22    glass floor tile”; online marketing services; and student loan debt consolidation.  
23

1 PLAINTIFF's investments were safe, and that ARTEC was a going concern.

2 WICKMAN and DOUGLASS also told PLAINTIFF that ARTEC was in the process  
3 of making several strategic acquisitions of other companies that would result in  
4 PLAINTIFF receiving many multiples of his initial investment.  
5

6 37. PLAINTIFF again complained to WELSH, and told him that  
7 PLAINTIFF suspected that his investment was worthless.  
8

9 38. WELSH offered to facilitate yet another phone conference in which  
10 PLAINTIFF would speak with WICKMAN, DOUGLASS and WELSH.  
11

12 39. During another phone conference with WICKMAN, DOUGLASS and  
13 WELSH, WICKMAN and DOUGLASS continued to make false statements  
14 regarding the business operations and fiscal health of ARTEC. Notably, WICKMAN  
15 and DOUGLASS made repeated false statements about the company, its prospects for  
16 future development, and acquisitions that the company would be making.  
17

18 40. During this call, WICKMAN informed PLAINTIFF that ARTEC had  
19 secured letters of credit from various entities that would allow ARTEC to borrow  
20 capital if it was needed. WICKMAN and DOUGLASS also told PLAINTIFF that  
21 they (WICKMAN and DOUGLASS) were working to re-capitalize ARTEC in such a  
22 manner that would allow ARTEC to emerge from any financial difficulties to  
23 aggressively earn market share and return value to its investors. WICKMAN and  
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1 DOUGLASS again stated falsely that ARTEC was acquiring companies and assets  
2 that would allow ARTEC investors to receive outsized returns on their investments.

3 41. On subsequent telephone calls, DOUGLASS repeated the lie to  
4 PLAINTIFF, that DOUGLASS was a respected financier, that DOUGLASS had  
5 access to capital that was not otherwise to available to others (due to his status as a  
6 respected financier), and that DOUGLASS had a long track record of assisting  
7 companies like ARTEC.  
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9  
10 42. WICKMAN falsely represented to PLAINTIFF that DOUGLASS was  
11 sought out by ARTEC and WICKMAN due to (i) the special expertise possessed by  
12 DOUGLASS, (ii) DOUGLASS' experience in assisting companies like ARTEC, and  
13 (iii) the ability of DOUGLASS to raise capital for ARTEC because of his connections  
14 to sources of capital not readily available to others.  
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17 43. Despite the repeated assurances of WICKMAN, DOUGLASS and  
18 WELSH, PLAINTIFF began to grow increasingly suspicious that his investments in  
19 ARTEC were worthless and that PLAINTIFF was trapped in an investment scam.  
20

21 44. WELSH again agreed to facilitate meetings with WICKMAN and  
22 DOUGLASS to allay PLAINTIFF's fears. In another phone conference,  
23 DOUGLASS and WICKMAN told PLAINTIFF that ARTEC was having some  
24 financial difficulties, but that the difficulties were related to debt of the company that  
25 was issued previously. This was the first time that PLAINTIFF was ever told that the  
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1 company had issued debt instruments or that the company was having financial  
2 difficulties. Prior to this time, WICKMAN and DOUGLASS gave only glowing  
3 reviews of the company and its prospects.  
4

5 45. WICKMAN and DOUGLASS told PLAINTIFF that he (DOUGLASS)  
6 knew the debt holders, and that DOUGLASS would be able to satisfy the demands of  
7 the debtholders and make ARTEC a profitable company.  
8

9 46. WICKMAN and DOUGLASS repeatedly referred to various plans that  
10 they had or were implementing to make ARTEC profitable, and provide a return to  
11 PLAINTIFF on his investments in ARTEC. WICKMAN and DOUGLASS by and  
12 through WELSH and NOVA provided PLAINTIFF with various documents, such as  
13 financial projections and spreadsheets, that purported to show the financial “health”  
14 of ARTEC. These documents, created by WICKMAN and DOUGLASS, were  
15 fabricated for the sole purpose of deceiving and manipulating PLAINTIFF.  
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18 47. PLAINTIFF, again, complained directly to WELSH about the status of  
19 his investments in ARTEC and the conduct of WICKMAN and DOUGLASS.  
20

21 48. WELSH stated that he understood PLAINTIFF’s frustrations and would  
22 help craft a solution that would allow PLAINTIFF to recoup his investment in  
23 ARTEC. WELSH conveyed to PLAINTIFF that WELSH had consulted with  
24 WICKMAN and DOUGLASS, and that WICKMAN and DOUGLASS agreed to  
25 create a new class of convertible stock that would be issued to PLAINTIFF.  
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1           49. WELSH's plan, working in concert with WICKMAN and DOUGLASS,  
2 was simply a brazen attempt to extract more funds from PLAINTIFF. Specifically, in  
3 July 2016, WELSH presented PLAINTIFF with another Stock Purchase Agreement  
4 whereby WELSH and NOVA would sell Four Thousand (4,000) shares of "Series B  
5 Convertible Preferred Stock" in ARTEC to WELSH for the sum of Four Thousand  
6 Dollars (\$4,000.00). WELSH and NOVA represented to PLAINTIFF that, under this  
7 agreement, ARTEC, with the approval and affirmative acts of WICKMAN and  
8 DOUGLASS, would create a new class of preferred shares that gave the purported  
9 preferred shareholders special liquidation rights and the ability to convert their shares  
10 to a more expensive class of stock.  
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14           50. In reliance on WELSH'S statements and the terms of the Stock Purchase  
15 Agreement, PLAINTIFF delivered the sum of Four Thousand Dollars (\$4,000.00) to  
16 WELSH and NOVA. WELSH, NOVA, WICKMAN and DOUGLASS never  
17 provided the convertible stock or took the necessary corporate actions to create a  
18 preferred class of stock for PLAINTIFF despite repeated pleas from PLAINTIFF.  
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21           51. PLAINTIFF continued to inquire about the existence and delivery of the  
22 preferred shares and was met with continued stonewalling by WELSH, NOVA,  
23 WICKMAN and DOUGLASS.  
24

25           52. For instance, WICKMAN and DOUGLASS repeatedly told PLAINTIFF  
26 that they were moving to convene a board meeting to create a new class of stock on  
27

1 several occasions. They never took any corporate actions. The promise of a new  
2 class of preferred shares in the company was made to placate PLAINTIFF.  
3 WICKMAN and DOUGLASS never had any intention of creating a new class of  
4 stock for PLAINTIFF.  
5

6 53. WICKMAN AND DOUGLASS continued to make misrepresentations  
7 to PLAINTIFF (i) regarding the business prospects of ARTEC by telling PLAINTIFF  
8 that ARTEC was a going concern, (ii) by stating that ARTEC had secured financing  
9 and/or letters of credit that would allow ARTEC to gain access to capital if the need  
10 arose, (iii) that DOUGLASS was uniquely qualified to (x) raise capital for ARTEC  
11 and (y) assist ARTEC investors to realize significant gains under his guidance, (iv) by  
12 providing PLAINTIFF with false and misleading documents related to his  
13 investments in ARTEC, (v) by assuring PLAINTIFF that he stood to make many  
14 multiples of his investments if he kept investing in ARTEC, and (vi) by telling  
15 PLAINTIFF that the corporate actions of ARTEC to create a new class of stock  
16 would be made as soon as practicable.  
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21 54. WICKMAN and DOUGLASS made these statements and provided these  
22 documents to PLAINTIFF to induce PLAINTIFF to keep investing in ARTEC.  
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24 55. Unfortunately for PLAINTIFF, his investment in ARTEC is completely  
25 worthless. The market for ARTEC stock is non-existent. PLAINTIFF cannot  
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28

1 dispose of his shares in the company. Due to the machinations of WICKMAN and  
2 DOUGLASS, the company is, for all purposes, non-existent.

3  
4 **COUNT ONE**  
5 **FEDERAL SECURITIES LAWS VIOLATIONS –**  
6 **SECTION 10(b) OF THE SECURITIES AND EXCHANGE ACT**  
7 **AND RULE 10b-5**  
8 **(AGAINST ARTEC, WICKMAN,**  
9 **DOUGLASS, AND YAMASHIRO)**

10 56. Plaintiff incorporates by reference Paragraphs 1 through 55 above as  
11  
12 though fully set forth herein.

13 57. By knowingly or recklessly misrepresenting the fraudulent nature of  
14 ARTEC and by otherwise making material misrepresentations, directly and  
15 indirectly, in writing and orally, to PLAINTIFF, by the means and instrumentalities  
16 of interstate commerce, or of the mail, in connection with the purchase or sale of  
17 securities in ARTEC, ARTEC, WICKMAN, DOUGLASS and YAMASHIRO have:  
18  
19 (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of  
20 material fact, or omitted to state material facts necessary in order to make the  
21 statements made, in light of the circumstances with which they were made, not  
22 misleading; and (c) engaged in transactions, acts, practices and courses of business  
23 which operated as a fraud upon purchasers of securities. WICKMAN, ARTEC,  
24 DOUGLASS, WELSH, NOVA and YAMASHIRO made repeated statements to  
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1 PLAINTIFF, including, without limitation, that (1) ARTEC was in the process of  
2 making a number of “strategic acquisitions” that would allow the company to grow  
3 and prosper; (2) ARTEC had a solid core business and that business was increasing;  
4 (3) PLAINTIFF’S shares in ARTEC would trade at many multiples higher than his  
5 initial investments; (4) WICKMAN and DOUGLASS had significant business  
6 experience that would allow them to guide the company to be very profitable; (5)  
7 DOUGLASS was a well-respected financier who had access to capital that would be  
8 invested in ARTEC; (6) ARTEC had secured letters of credit in its favor that would  
9 allow it to re-capitalize and return value to investors; (7) ARTEC had debt investors  
10 that were working with ARTEC, WICKMAN and DOUGLASS that were interested  
11 in returning value to investors; and (8) WICKMAN and DOUGLASS would create a  
12 new class of preferred stock for PLAINTIFF. None of these statements were true.  
13 ARTEC was a shell company that existed only to enrich WELSH, WICKMAN,  
14 DOUGLASS and YAMASHIRO. ARTEC’s SEC filings at or near the time WELSH,  
15 WICKMAN and DOUGLASS were making the foregoing glowing reviews of  
16 ARTEC directly contradicted their statements to PLAINTIFF. For example, the  
17 company repeatedly made statements that it was having difficulty maintaining its  
18 status as a “going concern.”<sup>3</sup> Further, the company’s creditors were rapidly  
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26 \_\_\_\_\_  
27 <sup>3</sup> This statement was made in every Form 10-K and Form 10-Q filed by the  
28 company.

1 converting amounts payable under various promissory notes and lines of credit to  
2 equity in the company,<sup>4</sup> indicating that the company did not have sufficient cash flow  
3 to pay creditors on a timely basis. The company was rapidly issuing additional shares  
4 of stock for no apparent purpose. On September 10, 2015, the company issued Seven  
5 Hundred Sixty Million (760,000,000) additional shares of stock that was deemed to  
6 be necessary to keep the company's business prospects alive.<sup>5</sup> Of this amount, Ten  
7 Million (10,000,000) shares were designated as "blank check" preferred stock  
8 without any explanation as to what the "blank check" designation was. All stock was  
9 assigned a par value of \$.001 per share, significantly less than what PLAINTIFF paid  
10 for his shares. Despite the financial difficulties faced by the company, ARTEC  
11 managed to pay WICKMAN and a separate company wholly owned by WICKMAN  
12 tens of thousands of Dollars for "data management and client marketing program  
13 services to" ARTEC.

14  
15 58. By reason of the foregoing conduct, defendants WELSH, NOVA,  
16 ARTEC, WICKMAN, DOUGLASS, and YAMASHIRO violated Section 10(b) of  
17 the Exchange Act and Rule 10b-5 promulgated thereunder.<sup>6</sup>

18  
19 59. As a result of the foregoing conduct of ARTEC, WICKMAN,  
20 DOUGLASS, YAMASHIRO and their violation of Section 10(b) of the Exchange  
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25 \_\_\_\_\_  
26 <sup>4</sup> ARTEC Form 10-Q for the period ending April 30, 2015.

27 <sup>5</sup> ARTEC Schedule 14C dated September 28, 2015.

28 <sup>6</sup> Codified at 17 C.F.R § 240.10b-5.

1 Act and Rule 10b-5, Plaintiff has been damaged in an amount exceeding One  
2 Hundred Fifty-Four Thousand Dollars (\$154,000.00).

3  
4 **COUNT TWO**  
5 **FEDERAL SECURITIES LAWS VIOLATIONS –**  
6 **SECTION 11 OF THE SECURITIES AND EXCHANGE ACT**  
7 **(AGAINST WICKMAN AND DOUGLASS)**

8 60. PLAINTIFF incorporates by reference Paragraphs 1 through 59 above as  
9  
10 though fully set forth herein.

11 61. Federal securities law, pursuant to 15 U.S.C. §77k, prohibits persons  
12 from making “untrue statement[s] of a material fact or omit[ing] to state a material  
13 fact required to be stated therein or necessary to make the statements therein not  
14 misleading” in any registration statement that is or was filed with the SEC. A  
15 “registration statement”, as the term is used in 15 U.S.C. § 77k, is the document or  
16 documents used to register a security, such as ARTEC, with the SEC. The term also  
17 includes any “amendment thereto and any report, document, or memorandum filed as  
18 part of such statement or incorporated therein by reference.”<sup>7</sup>

19 62. Defendants WICKMAN and DOUGLASS filed, caused to be filed  
20 and/or authored numerous registration statements with the SEC, most of which are  
21 available at the SEC website <https://www.sec.gov/cgi-bin/browse->

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27 <sup>7</sup> 15 U.S.C. § 77b(a)(8).

1 edgar?action=getcompany&CIK=0001561865&owner=exclude&count=40&hidefilin  
2 gs=0.

3 63. The Form 10-Q for the period ending January 31, 2015 and the Form 10-  
4 Q filed for the period ending April 30, 2015, contained numerous false statements,  
5 including, *inter alia*, the following:  
6

- 7 • Artec owns or accesses targeted databases and utilizes  
8 proprietary technology to create local, regional and  
9 national marketing campaigns on demand providing  
10 clients with the ability to acquire new customers. We  
11 run advertisements or other forms of marketing  
12 messages and programs through multiple channels  
13 (i.e. Email, Direct Mail, Social Media, SMS, radio  
14 and telecommunication) to create responders for client  
15 offerings. We optimize client matches and media  
16 yield such that we achieve desired results for clients  
17 and a sound financial outcome for Artec.  
18
- 19 • We deliver cost-effective marketing results to our  
20 clients, predictable and scalable, most typically in the  
21 form of a qualified lead, click or call. These leads,  
22 clicks or calls can then convert into a customer or sale  
23 for the client at a rate that results in an acceptable  
24 marketing cost to them. We get paid by clients  
25 primarily when we deliver qualified results as defined  
26 in our agreements. Typically, leads are routed through  
27 a call center or other offline acquisition process.  
28 Online leads are usually generated as clicks from  
websites....
- For advertisers our platform allows us to connect  
clients to multiple online publishers. For publishers  
our platform provides access to a significant  
advertiser base to gain access to a broader range of  
advertising inventory. The combination of these end-

1 to-end online marketing capabilities enables us to  
2 offer clients the simplicity of a single advertising  
3 budget that meets their marketing objectives.

- 4 • Running thousands of online advertising campaigns  
5 simultaneously across multiple publishers poses  
6 significant technical challenges. While technologies  
7 exist to help larger companies manage and optimize  
8 their online marketing spend, we believe that such  
9 solutions are too expensive and too complex to scale  
10 down to many of our clients' monthly advertising  
11 budget. We have built our services, systems and  
12 networks for maximum scalability and flexibility to  
13 manage these types of campaigns, and we have  
14 invested heavily in automation technologies that  
15 reduce the level of human intervention required to  
16 support these campaigns. This automation is critical to  
17 our ability to scale our business and deliver  
18 moderately budgeted campaigns in a cost-effective  
19 manner.

20 64. ARTEC had no core business. It did not own or have the ability to  
21 access proprietary technology; it did not have any clients; it did not have the ability to  
22 deliver any product or service; and it most certainly was not "heavily invested in  
23 automation technologies." ARTEC existed solely for the purposes of enriching  
24 WICKMAN, DOUGLASS, and YAMASHIRO, and fleecing investors. ARTEC was,  
25 despite the illusions of grandeur, a fraudulent business being run from the apartment  
26 of WICKMAN.

1           65.   WICKMAN and DOUGLASS continued filing false and misleading  
2 registration statements with the SEC through September 14, 2016, the date of the last  
3 filing of ARTEC.  
4

5           66.   PLAINTIFF purchased interests in ARTEC in substantial reliance on the  
6 false statements made in filed registration statements, as well as the other false  
7 statements made by WICKMAN and DOUGLASS as alleged herein. The false  
8 registration statements provided ARTEC with the imprimatur of being a legitimate  
9 company. Because of WICKMAN and DOUGLASS' conduct and violation of  
10 Section 11 of the Exchange Act, PLAINTIFF has been damaged in an amount  
11 exceeding One Hundred Fifty-Four Thousand Dollars (\$154,000.00), and is also  
12 entitled to his reasonable attorneys' fees and costs in connection with the undertaking  
13 of this lawsuit under 15 U.S.C. § 77k(e).  
14  
15  
16

17                                   **COUNT THREE**

18                   **FEDERAL SECURITIES LAWS VIOLATIONS –**  
19                   **SECTION 18 OF THE EXCHANGE ACT**  
20                   **(AGAINST WICKMAN AND DOUGLASS)**  
21

22           67.   PLAINTIFF incorporates by reference Paragraphs 1 through 45 above as  
23 though fully set forth herein.  
24

25           68.   Defendants WICKMAN and DOUGLASS violated 15 U.S.C. § 78(r) by  
26 filing false registration statements with the SEC. Specifically, both WICKMAN and  
27

1 DOUGLASS authored, filed, and/or caused to be filed registration statements that  
2 contained materially false statements regarding ARTEC and its market valuation and  
3 price for equity interests in the company. Such statements include, but are not limited  
4 to, false and misleading financial statements, products and services offered by the  
5 company, technology owned or used by the company, past results achieved by the  
6 company, and the market for the company's product(s) and service(s). Each of the  
7 foregoing statements undoubtedly affected the market price for the company's stock.  
8  
9

10 69. PLAINTIFF relied on the statements regarding the company when he  
11 purchased his stock positions in the company and was damaged by the misleading  
12 statements by WICKMAN and DOUGLASS in registration statements filed with the  
13 SEC.  
14

15 70. As a result of such reliance, PLAINTIFF has been damaged in an  
16 amount that exceeds One Hundred Fifty-Four Thousand Dollars (\$154,000.00).  
17 Furthermore, PLAINTIFF is entitled to his reasonable attorneys' fees and costs in  
18 connection with the undertaking of this lawsuit under 15 U.S.C. § 78r(a).  
19  
20

#### 21 **COUNT FOUR**

#### 22 **COMMON LAW FRAUD/INTENTIONAL MISREPRESENTATION** 23 **(AGAINST ARTEC, WICKMAN, DOUGLASS AND YAMASHIRO)** 24

25 71. PLAINTIFF incorporates by reference Paragraphs 1 through 70 above as  
26 though fully set forth herein.  
27

1           72.   ARTEC, WELSH, NOVA, WICKMAN, DOUGLASS, and  
2   YAMASHIRO made numerous representations to PLAINTIFF that were material  
3   regarding ARTEC, including, but not limited to: (a) that DOUGLASS and  
4   WICKMAN were skilled entrepreneurs who excelled at running companies and  
5   raising capital for companies like ARTEC; (b) that ARTEC was an existing company  
6   with a broad client base actively engaged in business; (c) that ARTEC needed capital  
7   to make strategic acquisitions that would allow it to flourish in the marketplace; (d)  
8   that that due to his status as a well-respected financier, DOUGLASS had access to  
9   sources of capital not otherwise available to companies like ARTEC; (e) that ARTEC  
10   was creating a new class of stock that would allow for PLAINTIFF to have increased  
11   rights upon liquidation and preferred shares in the company; (f) that PLAINTIFF'S  
12   investments in the company would result in a payout of many multiples of his  
13   investments in the company; (g) that ARTEC had at least two (2) offices in San  
14   Diego County; (h) that there were other holders of company debt and/or other  
15   securities instruments that prevented the company from being adequately capitalized,  
16   but that the company expected to return capital to investors.

17           73.   Each of the foregoing statements was false and ARTEC, WICKMAN,  
18   DOUGLASS, and YAMASHIRO knew that the statements were false. In fact,  
19   ARTEC, WELSH, NOVA, WICKMAN, DOUGLASS, and YAMASHIRO made  
20



1 these statements knowing that they were false. They made the statements with the  
2 intent that PLAINTIFF rely on the statements.

3 74. PLAINTIFF reasonably relied on each of the representations and was  
4 harmed economically as a result of his reliance on these statements, each of which  
5 was a substantial factor in causing the harm suffered by PLAINTIFF (which is at  
6 least One Hundred Fifty-Four Thousand Dollars (\$154,000.00)).  
7  
8

9 **COUNT FIVE**

10 **NEGLIGENT MISREPRESENTATION**

11 **(AGAINST ARTEC, WICKMAN, DOUGLASS, AND YAMASHIRO)**  
12

13 75. PLAINTIFF incorporates by reference Paragraphs 1 through 74 above as  
14 though fully set forth herein.

15 76. ARTEC, WELSH, NOVA, WICKMAN, DOUGLASS, and  
16 YAMASHIRO made repeated statements, both orally and in writing, that, among  
17 other things: (a) DOUGLASS and WICKMAN were skilled entrepreneurs who  
18 excelled at running companies and raising capital for companies like ARTEC; (b)  
19 ARTEC was an existing company with a broad client base actively engaged in  
20 business; (c) ARTEC needed capital to make strategic acquisitions that would allow it  
21 to flourish in the marketplace; (d) WELSH and NOVA were selling stock in ARTEC  
22 to raise capital for ARTEC; (e) ARTEC was creating a new class of stock that would  
23 allow for PLAINTIFF to have increased rights upon liquidation and preferred shares  
24  
25  
26  
27

1 in the company; (f) PLAINTIFF's investments in the company would result in a  
2 payout of many multiples of his investments in the company; (g) ARTEC had at least  
3 two (2) offices in San Diego County; (h) that there were other holders of company  
4 debt and/or other securities instruments that prevented the company from being  
5 adequately capitalized, but that the company expected to return capital to investors.  
6

7 77. These representations were false and ARTEC, WICKMAN,  
8 DOUGLASS, and YAMASHIRO had no reasonable grounds for believing that these  
9 statements were true when they were made.  
10

11 78. PLAINTIFF relied on the numerous representations made by ARTEC,  
12 WICKMAN, DOUGLASS, and YAMASHIRO and those representations were a  
13 substantial factor in guiding PLAINTIFF's decision to invest in ARTEC, causing him  
14 substantial economic harm and financial damages in an amount that exceeds One  
15 Hundred Fifty-Four Thousand Dollars (\$154,000.00).  
16  
17

#### 18 **PRAYER FOR RELIEF**

19 **WHEREFORE**, PLAINTIFF prays for judgment against all Defendants, and  
20 each of them, as follows:

- 21 1. An order enjoining all Defendants from engaging in further unfair business  
22 acts and practices;
- 23 2. An order requiring all Defendants to pay restitution to PLAINTIFF in the  
24 amount of at least One Hundred Fifty-Four Thousand Dollars  
25 (\$154,000.00);  
26

3. Disgorgement of all monies received from PLAINTIFF by each and every Defendant;
4. A civil monetary penalty against each Defendant as provided by statute or determined by the Court to be just and proper;
5. Damages according to proof;
6. Rescission of PLAINTIFF's investments in ARTEC at the election of PLAINTIFF;
7. Punitive damages;
8. Attorneys' fees and costs of suit;
9. Pre-judgment interest at the legal rate on all amounts awarded to PLAINTIFF; and
10. Such other relief as this Court may deem just and proper.

Respectfully submitted,

DATED: May 10, 2018

**GUSTAFSON NICOLAI pc**

By: /s J. Ryan Gustafson  
J. Ryan Gustafson  
Adam C. Nicolai

*Attorneys for Plaintiff,*  
KEITH BROWN

**DEMAND FOR JURY TRIAL**

Pursuant to the Seventh Amendment of the United States Constitution and Fed. R. Civ. P. 38, PLAINTIFF hereby demands a jury trial as to all counts and issues set forth in this Complaint and as to all issues so triable.

Respectfully submitted,

DATED: May 10, 2018

**GUSTAFSON NICOLAI pc**

By: /s J. Ryan Gustafson

J. Ryan Gustafson

Adam C. Nicolai

*Attorneys for Plaintiff,*

**KEITH BROWN**